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## FISCAL IMPACT REPORT

ORIGINAL DATE 02/20/07  
 LAST UPDATED 03/02/07

SPONSOR Lopez HB \_\_\_\_\_

SHORT TITLE Developmental Disabilities Unfunded Mandates SM 15/aSRC

ANALYST Hanika Ortiz

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY07	FY08	FY09	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
<b>Total</b>		\$.1 see narrative				

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Health (DOH)

Human Services Department (HSD)

### SUMMARY

#### Synopsis of SRC Amendment

The Senate Rules Committee Amendment invites members from the Developmental Disabilities Planning Council, the ARC of New Mexico, the Protection and Advocacy System and other interested individuals or organizations to participate in the Task Force.

#### Synopsis of Original Bill

Senate Memorial 15 requests the DOH form a task force to identify unfunded mandates in the developmental delay and disability service systems and solutions identified to ensure the financial viability of the system so quality services and supports can be reasonably maintained. Serving on the task force will be the Developmental Disabilities Supports Division (DDSD) and the Division of Health Improvement (DHI) from the DOH, the Medical Assistance Division of the HSD and the Association of Developmental Disabilities Community Providers. The task force will be required to report its findings and recommendations to the Legislative Health and Human Services Committee and the Legislative Finance Committee no later than October 1, 2007.

## FISCAL IMPLICATIONS

This study may help address provider and community concerns that providers have lost qualified staff or have had to reduce or eliminate benefits to employees due to inadequate reimbursement; and, an increase in uncompensated regulatory demands within an overburdened service delivery system. As with any study, there will be additional expenses to the Departments for the allocation of staff and resources to support the tasks as defined in the memorial.

According to DOH/DDSD, the situation as defined in the memorial is attributed to increased costs for insurance or higher operating costs linked to the price of fuel and other business related commodities. The Departments report that the link between service requirements and loss of agency staff is not clear. During the recent renewal of the Developmental Disabilities waiver rates were adjusted in specific areas linked to increased expectations.

## SIGNIFICANT ISSUES

The memorial has the following comments:

- The department of health administers a variety of services and supports for children with developmental delays and children and adults with developmental disabilities.
- Developmental delay and disability services and supports are provided to eligible individuals through contracts and provider agreements managed by the developmental disabilities supports division of the department of health or the medical assistance division of the human services department.
- Developmental delay and disability services are funded through a variety of state and federal sources such as state general funds and Medicaid programs, including early periodic screening diagnosis and treatment, home and community-based waiver and intermediate care facilities for the mentally retarded.
- The developmental delay and disability service systems have become more complex through the years due to increased expectations and demands and threatened or actual litigation such as the *Jackson* lawsuit.
- The volume of state-mandated policies, procedures and regulations has increased dramatically resulting in unfunded mandates and an overburdened service system.
- The uncompensated costs associated with compliance of unfunded mandates have negatively affected the financial viability of the community-based provider system and have led to decreases in direct care supports and services to children and adults.
- Due to inadequate reimbursement and the need to comply with numerous unfunded mandates, some providers have been forced to reduce or eliminate benefits to employees, leading dedicated and well-trained staff to leave and seek other employment.

## PERFORMANCE IMPLICATIONS

The DOH Statewide Adult Services Task Force, now renamed the Advisory Council on Quality Supports to Individuals with Developmental Disabilities and Their Families (ACQ), is a mechanism established under the New Mexico Developmental Disabilities Act of 1993 (Section 28-16A-13 NMSA 1978) to advise and assist DOH in the management of the developmental disabilities service system. The ACQ has a standing Policy Committee, and Adult Services Committee, a Children/Family Supports Committee and a Quality Committee which meet

regularly. These committees may also meet jointly to consider issues which impact both policy and service delivery. The ACQ is currently tasked with reviewing and providing recommendations to DOH/DDSD on program policies, procedures and quality initiatives. The ACQ membership includes recipients of the program services and their families, case manager providers, direct care providers, advocacy groups and organizations, and State agencies including HSD. ADDCP is a voting member of the ACQ.

### **ADMINISTRATIVE IMPLICATIONS**

DOH and HSD may need to redirect staff from other activities for participation on the task force.

### **TECHNICAL ISSUES**

Involvement of only ADDCP in the SM 15 task force may narrow the focus of the memorial to the perspective of ADDCP members. There are others impacted by the program requirements that are not represented in the SM 15 including case managers, other direct care providers, program participants and their families, and advocates that could bring important input to the identification and resolution of the issues specified in SM 15.

### **ALTERNATIVES**

SM 15 could use the ACQ, an existing mechanism, to discuss issues related to service rules and requirements.

### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

A task force to identify unfunded mandates in the developmental delay and disability service systems will not be created.

AHO/nt